

**ASSEMBLY BILL**

**No. 800**

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**Introduced by Assembly Member Duvall**

February 26, 2009

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An act to amend Sections 1644, 1652, 1655, 1656, 1658, 1661, 1683, 1718, 1729, 1749, 1751, 1758.3, 1758.692, 1758.7, 1758.81, 1758.92, and 1758.96 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 800, as introduced, Duvall. Insurance omnibus.

Existing law regulates the licensing and the renewal of licensing of insurance agents, adjusters, and brokers by specifying who is eligible for a license and the requirements for applying for or renewing an application for a license.

This bill would state that a person under 18 years of age is not eligible to apply for certain specified licenses. This bill would authorize the Insurance Commissioner to require the use of electronic forms of application for certain licenses and would authorize the commissioner to electronically deliver forms to renew certain licenses to licensees, as specified. This bill would require people applying for certain insurance licenses to supply the commissioner with his or her e-mail address, in addition to a mailing address, as specified.

Existing law requires applicants for certain licenses to meet certain prelicensing education standards, as specified.

This bill would delete the prelicensing education requirement for resident applicants who currently hold a nonresident license.

Existing law prohibits nonresident insurance organizations from using residents of California to exercise the powers and perform the duties of their license in California.

This bill would delete that prohibition and allow nonresident insurance organizations to use California residents to conduct their business in California.

Existing law requires a life agent or applicant to take and pass a written qualifying test before the commissioner can grant the person authority to transact variable contracts, as specified.

This bill would delete the requirement for passing a written test and would correct an erroneous cross reference to federal authority.

Existing law defines a credit insurance agent as an agent selling specified types of credit insurance, including credit life insurance, credit disability insurance, and credit property insurance.

This bill would add guaranteed automobile protection (gap) insurance, mortgage disability insurance, and mortgage guaranty insurance as types of credit insurance, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 1644 of the Insurance Code is amended  
2     to read:  
3     1644. ~~A minor person under 18 years of age is not eligible to~~  
4     ~~apply for a license to act as a fire and casualty broker-agent, or a~~  
5     ~~life agent.~~ *pursuant to this chapter, Chapter 5A (commencing with*  
6     *Section 1759), Chapter 6 (commencing with Section 1760), and*  
7     *Chapter 7 (commencing with Section 1800) of Part 2 of Division*  
8     *1, and Chapter 1 (commencing with Section 14000) and Chapter*  
9     *2 (commencing with Section 15000) of Division 5.*  
10    SEC. 2. Section 1652 of the Insurance Code is amended to  
11    read:  
12    1652. (a) A license under this chapter, *Chapter 5A*  
13    *(commencing with Section 1759), Chapter 6 (commencing with*  
14    *Section 1760), Chapter 7 (commencing with Section 1800), and*  
15    *Chapter 8 (commencing with Section 1831), of Part 2 of Division*  
16    *1, and Chapter 1 (commencing with Section 14000) and Chapter*  
17    *2 (commencing with Section 15000) of Division 5 shall be applied*  
18    *for, and renewed by the filing with the commissioner of a written*  
19    *application therefor. The application shall be on a form prescribed*  
20    *by the commissioner, which form shall prescribe the disclosure of*  
21    *information that will aid the commissioner in determining whether*

1 the prerequisites for the license sought have been met. The  
2 applicant shall declare, under penalty of perjury, that the contents  
3 of the application are true and correct.

4 (b) The forms prescribed by the commissioner other than for  
5 renewal applications may require authenticated fingerprints of any  
6 of the following:

7 (1) Individual applicants.

8 (2) Specified partners or officers of organization applicants.

9 (3) The individuals who are to transact insurance for an  
10 organization applicant.

11 (c) The forms may require the fingerprints to be affixed to the  
12 application or to an attachment to be affixed to the application.  
13 The commissioner, in his or her discretion, may require the  
14 fingerprints on applications for any, some or all of the licenses  
15 issued pursuant to this chapter or Chapter 6 (commencing with  
16 Section 1760), 7 (commencing with Section 1800), or 8  
17 (commencing with Section 1831), provided that as to any one such  
18 type of license the requirement is applied without discrimination  
19 to all applicants within specified classifications. The classifications  
20 may be made upon any or all of the following bases:

21 (1) Length of continuous residence in this state.

22 (2) Whether or not previously or currently licensed by the  
23 commissioner.

24 (3) Whether or not currently licensed by specified regulatory  
25 agencies of the State of California which require fingerprints on  
26 applications for licenses and routinely process the fingerprints for  
27 positive identification.

28 (4) Other reasonable criteria.

29 (d) The commissioner may decline to act on an incomplete or  
30 defective application until an amended application which completes  
31 the prescribed form is filed with him or her.

32 SEC. 3. Section 1655 of the Insurance Code is amended to  
33 read:

34 1655. No application for a license shall be deemed filed unless  
35 the document ~~itself has been actually delivered to~~ *has been*  
36 *submitted by a means of electronic service approved by the*  
37 *commissioner*, and the proper filing fee, including any required  
38 application fee for any qualifying examination required by this  
39 chapter, *Chapter 5A (commencing with Section 1759), Chapter 6*  
40 *(commencing with Section 1760), and Chapter 7 (commencing*

1 *with Section 1800) of Part 2 of Division 1, or Chapter 1*  
2 *(commencing with Section 14000) and Chapter 2 (commencing*  
3 *with Section 15000) of Division 5 for the license applied for has*  
4 *been paid at an office of the commissioner during office hours, or*  
5 *unless both such document and the required fee or fees are filed*  
6 *and remitted pursuant to Sections 11002 and 11003 of the*  
7 *Government Code.*

8 SEC. 4. Section 1656 of the Insurance Code is amended to  
9 read:

10 1656. Every applicant for an organizational license shall  
11 provide the names of all persons who may exercise the power and  
12 perform the duties under the license. Applicants for a nonresident  
13 organizational license must name at least one person from ~~their~~  
14 ~~home state~~ *a state other than California* who may exercise the  
15 power and perform the duties under their license. Additional  
16 persons endorsed to that license may be residents of ~~another state,~~  
17 ~~but may not be residents of California~~ *other states, including*  
18 *California.*

19 SEC. 5. Section 1658 of the Insurance Code is amended to  
20 read:

21 1658. Each application filed by a natural person for a license  
22 shall contain the residence address, the principal business address,  
23 ~~and the mailing address, and the e-mail address~~ of the applicant.  
24 Each application for an organization license shall contain the  
25 principal business address, ~~and the mailing address, and the e-mail~~  
26 ~~address~~ of the applicant.

27 SEC. 6. Section 1661 of the Insurance Code is amended to  
28 read:

29 1661. Whenever an organization licensed as a life agent, or a  
30 fire and casualty broker-agent desires to change, remove, or add  
31 to, the natural person or persons who are to transact insurance  
32 under authority of its license, it shall immediately file an  
33 application or notice on a form prescribed by the commissioner  
34 with the commissioner for an endorsement changing its license  
35 accordingly. *The form must be submitted by a means of electronic*  
36 *service approved by the commissioner.* The commissioner shall  
37 require that the prelicensing education standards set forth in Section  
38 1749 be met and that the qualifying examination provided by this  
39 code be taken by any natural person named by the organization to  
40 exercise its agency or brokerage powers who would be required

1 to take and pass the qualifying examination. That natural person  
2 or persons and the organization are in all other respects subject to  
3 the provisions of this chapter and the insurance laws.

4 SEC. 7. Section 1683 of the Insurance Code is amended to  
5 read:

6 1683. At a reasonable time before an applicant is required to  
7 appear for a qualifying examination, the commissioner shall send  
8 him written notice thereof. Such notice shall set forth the time and  
9 place of such examination. The commissioner shall not send such  
10 notice to an applicant until he has paid the fee required for filing  
11 application to take or retake such examination. If an applicant fails  
12 to appear at the time and place set for the examination, he shall be  
13 deemed to have failed the examination. If the applicant fails the  
14 qualifying examination, the commissioner shall give him written  
15 notice thereof. *The applicant must schedule or reschedule an exam*  
16 *by a means of electronic service approved by the commissioner.*

17 SEC. 8. Section 1718 of the Insurance Code is amended to  
18 read:

19 1718. (a) Not less than 60 days before a permanent license  
20 will expire, the commissioner may *use an electronic delivery*  
21 *method, including e-mail or other similar electronic method of*  
22 *delivery, to deliver, or may mail,* to the latest *e-mail or mailing*  
23 address appearing on his or her records, an application to the  
24 licensee to renew the license for the appropriate succeeding license  
25 term. It is the licensee's responsibility to renew whether or not a  
26 renewal notice is received. The commissioner may accept a late  
27 renewal, provided the licensee's failure to comply is due to clerical  
28 error or inadvertence on the part of the department.

29 (b) Application for renewal of a license may be filed on or before  
30 the expiration date. When filed under this subdivision, the fee for  
31 filing shall be as specified in Section 1750.

32 (c) The application for renewal of an expired license may be  
33 filed after the expiration date and until that same month and day  
34 of the next succeeding year. The fee for a renewal application  
35 under this subdivision shall be the fee specified in subdivision (b)  
36 and a delinquent fee in the amount specified for a one-year period  
37 in Section 1750 for the filing. Each licensee shall be subject to  
38 payment of delinquent fees under this section.

39 SEC. 9. Section 1729 of the Insurance Code is amended to  
40 read:

1 1729. Every licensee and every applicant for a license shall  
2 immediately notify the commissioner in writing of any change in  
3 his *e-mail or mailing* address as given to the commissioner pursuant  
4 to Sections 1658 and 1728.

5 SEC. 10. Section 1749 of the Insurance Code is amended to  
6 read:

7 1749. The department shall require all new applicants for  
8 license as a fire and casualty broker-agent, limited lines automobile  
9 insurance agent, personal lines broker-agent, life-only agent, or  
10 accident and health agent to meet prelicensing education standards  
11 as follows:

12 (a) Require a minimum of 40 hours of prelicensing study as a  
13 prerequisite to qualification for a fire and casualty broker-agent  
14 license. The curriculum for satisfying this requirement shall be  
15 approved by the curriculum board and submitted to the  
16 commissioner for final approval. Any additions to the minimum  
17 requirements provided by this section shall be approved by the  
18 curriculum board pursuant to Section 1749.1 and certified by the  
19 department.

20 (b) Require a minimum of 20 hours of prelicensing study as a  
21 prerequisite for qualification for a personal lines broker-agent  
22 license. The curriculum for satisfying this requirement shall be  
23 approved by the curriculum board and submitted to the  
24 commissioner for final approval. Any additions to the minimum  
25 requirements provided by this section shall be approved by the  
26 curriculum board pursuant to Section 1749.1 and certified by the  
27 department.

28 (c) Require a minimum of 20 hours of prelicensing study as a  
29 prerequisite for qualification for a life-only agent license. The  
30 curriculum for satisfying this requirement shall be approved by  
31 the curriculum board and submitted to the commissioner for final  
32 approval. Any additions to the minimum requirements provided  
33 by this section shall be approved by the curriculum board pursuant  
34 to Section 1749.1 and certified by the department.

35 (d) Require a minimum of 20 hours of prelicensing study as a  
36 prerequisite for qualification for a limited lines automobile  
37 insurance agent license. The curriculum for satisfying this  
38 requirement shall be approved by the curriculum board and  
39 submitted to the commissioner for final approval. Any additions  
40 to the minimum requirements under this section shall be approved

1 by the curriculum board pursuant to Section 1749.1 and certified  
2 by the department.

3 (e) Require a minimum of 20 hours of prelicensing study as a  
4 prerequisite for qualification for an accident and health insurance  
5 agent license. The curriculum for satisfying this requirement shall  
6 be approved by the curriculum board and submitted to the  
7 commissioner for final approval. Any additions to the minimum  
8 requirements under this section shall be approved by the curriculum  
9 board pursuant to Section 1749.1 and certified by the department.

10 This curriculum shall also include instruction in workers'  
11 compensation and general principles of employers' liability.

12 (f) In addition to the 40 hours prelicensing education required  
13 to qualify for a license as a fire and casualty broker-agent, the 20  
14 hours prelicensing education required to qualify for a license as a  
15 personal lines broker-agent, a life-only agent, or an accident and  
16 health agent, or the 20 hours prelicensing education required to  
17 qualify for a license as a limited lines automobile insurance agent,  
18 the department shall require 12 hours of study on ethics and this  
19 code. Where an applicant seeks a license for more than one of the  
20 following license types: a fire and casualty broker-agent license,  
21 a personal lines broker-agent license, a life-only license, or an  
22 accident and health license, the applicant shall only be required to  
23 complete one 12-hour course on ethics and this code. The  
24 curriculum for satisfying this requirement shall be approved by  
25 the curriculum board and submitted to the commissioner for final  
26 approval.

27 (g) An applicant for a life-only agent license, an accident and  
28 health license, a personal lines broker-agent license, or a limited  
29 lines automobile insurance agent license, who is currently licensed  
30 as such in another state ~~and who has completed 20 hours of~~  
31 ~~prelicensing education as a requirement for licensing in that state~~  
32 shall be required to complete only the course of study on ethics  
33 and the Insurance Code, as required by Section 1749. Additionally,  
34 any applicant for such a license holding one or more of the  
35 designations specified in subdivisions (a) to (p), inclusive, of  
36 Section 1749.4 shall be exempted from any requirement for courses  
37 in general insurance that would otherwise be a condition of  
38 issuance of the license.

39 (h) An applicant for a fire and casualty broker-agent license  
40 who is currently licensed as such in another state ~~and who has~~

1 completed 40 hours of prelicensing education as a requirement for  
2 licensing in that state shall be required to complete only the course  
3 of study on ethics and this code, as required by subdivision (f).  
4 Additionally, any applicant for such a license holding one or more  
5 of the designations specified in subdivisions (a) to (p), inclusive,  
6 of Section 1749.4, shall be exempted from any requirement for  
7 courses in general insurance that would otherwise be a condition  
8 of issuance of a license.

9 (i) An applicant for a fire and casualty broker-agent license who  
10 is licensed as a personal lines agent shall complete a minimum of  
11 20 hours prelicensing study as a prerequisite. The curriculum for  
12 satisfying this requirement shall be approved by the curriculum  
13 board and submitted to the commissioner for final approval. The  
14 applicant shall not be required to repeat any prelicensing  
15 requirements completed as a prerequisite to being licensed as a  
16 personal lines agent.

17 (j) Review and approval of prelicensing courses not conducted  
18 in a classroom, as referenced in subdivisions (a) to (i), inclusive,  
19 shall include an evaluation of the safeguards in place to ensure  
20 that the student completing the course is the person enrolled in the  
21 course, methods used to monitor the students' attendance are  
22 adequate, methods for the student to interact with the entity  
23 providing the training exist, and methods used to record the times  
24 spent completing the course are adequate.

25 (k) Prelicensing certificates of completion expire three years  
26 from the completion date of the course, whether or not a license  
27 is issued.

28 SEC. 11. Section 1751 of the Insurance Code is amended to  
29 read:

30 1751. The commissioner shall require, in advance, a fee for  
31 filing the following documents:

32 (a) Application for registration of change in membership of a  
33 copartnership licensed as any of the following:

34 (1) Fire and casualty broker-agent, fifty-six dollars (\$56).

35 (2) Life agent, resident, forty-eight dollars (\$48).

36 (3) Life agent, nonresident, fifty-three dollars (\$53).

37 (4) Personal lines broker-agent, fifty-six dollars (\$56).

38 (b) Notice for adding or removing from any life agent's, fire  
39 and casualty broker-agent's, or personal lines broker-agent's license



1 issued to an organization the name of any natural person named  
2 thereon, sixteen dollars (\$16).

3 (c) First amendment to an application, eight dollars (\$8); a  
4 second and each subsequent amendment to an application, sixteen  
5 dollars (\$16).

6 (d) Original application to be given the qualifying examination  
7 for a license of a fire and casualty or personal lines licensee,  
8 twenty-seven dollars (\$27) for each person to be examined.

9 (e) Original application to be given the qualifying examination  
10 for a license of a life licensee, twenty-seven dollars (\$27) for each  
11 person to be examined.

12 (f) Application for reexamination for any of the licenses  
13 mentioned in this section, twenty-seven dollars (\$27) for each  
14 person to be reexamined.

15 (g) Application which includes a request for a certificate of  
16 convenience pursuant to Article 8 (commencing with Section  
17 1685), twenty dollars (\$20) in addition to, and not in lieu of, fees  
18 otherwise required.

19 (h) Application or request for approval of true or fictitious name  
20 pursuant to Section 1724.5 thirty dollars (\$30), except that there  
21 shall be no fee when the name is contained in an original  
22 application.

23 (i) "A ratification of appointments of agents" whereby the  
24 surviving insurer in a merger or consolidation assumes  
25 responsibility for all agents then lawfully appointed for one of the  
26 constituent insurers and makes each its agent, one hundred three  
27 dollars (\$103).

28 (j) An application or request for approval of:

29 (1) A training course pursuant to Section 1691, except when  
30 filed by a degree-conferring college or university, a public  
31 educational institution, or by a private nonprofit educational  
32 institution, one hundred three dollars (\$103).

33 (2) An arrangement whereby an insurer may qualify certificate  
34 of convenience holders pursuant to Section 1691 by means of an  
35 approved course given on the insurer's behalf by a school or  
36 organization other than itself, fifty-five dollars (\$55).

37 (k) A bond, pursuant to Article 5 (commencing with Section  
38 1662) or Section 1760.5 or 1765, except when the bond constitutes  
39 part of an original application filing, sixteen dollars (\$16).

~~(l) An application or request for a copy of, or a duplicate license, issued pursuant to Chapter 5 (commencing with Section 1621), 6 (commencing with Section 1760), 7 (commencing with Section 1800), or 8 (commencing with Section 1831) or Sections 12280 and 12280.2, sixteen dollars (\$16).~~

~~(m)~~

(l) An application or request for clearance and cancellation notice of a current licensee of record, sixteen dollars (\$16).

~~(n)~~

(m) An amended action notice pursuant to subdivision (e) of Section 1704, five dollars (\$5).

SEC. 12. Section 1758.3 of the Insurance Code is amended to read:

1758.3. The commissioner shall not grant authority to transact variable contracts unless the life agent or applicant furnishes proof that he or she is registered to sell securities in accordance with the rules of the United States Securities and Exchange Commission or the National Association of Securities Dealers, and has, within the 12 months' period next preceding the date of issue of the authority, taken and passed a written qualifying examination as prescribed by the commissioner *Financial Industry Regulatory Authority*.

SEC. 13. Section 1758.692 of the Insurance Code is amended to read:

1758.692. (a) Not less than 60 days before a permanent license will expire, the commissioner may *use an electronic delivery method, including e-mail or other similar electronic method of delivery, to deliver, or may mail*, to the latest *e-mail or mailing* address appearing on his or her records, an application to the licensee to renew the license of a communications equipment insurance agent and any endorsees for the appropriate succeeding license term. It is the licensee's responsibility to renew, whether or not a renewal notice is received.

(b) The commissioner may accept a late renewal without penalty, provided that the licensee's failure to comply is due to a clerical error or inadvertence.

(c) An application for renewal of a license may be filed on or before the expiration date. An application for renewal of an expired license may be filed after the expiration date and until that same month and date of the next succeeding year.

1 (d) The commissioner shall impose a penalty fee equal to  
2 one-half of the renewal fee for the communications equipment  
3 insurance agent license and any endorsees for any renewal that is  
4 filed after the expiration date of the license.

5 SEC. 14. Section 1758.7 of the Insurance Code is amended to  
6 read:

7 1758.7. (a) No self-service storage facility, or franchisee of a  
8 self-service storage facility, shall offer or sell insurance unless it  
9 has complied with the requirements of this article and has been  
10 issued a license by the commissioner as provided in this article.

11 (b) The commissioner may issue to a self-service storage facility,  
12 or its franchisee, that has complied with the requirements of this  
13 article, a license that authorizes the self-service storage facility or  
14 its franchisee to offer or sell the types of insurance specified in  
15 Section 1758.75 in connection with and incidental to rental  
16 agreements on behalf of any insurer authorized to write those types  
17 of insurance policies in this state.

18 (c) (1) The license period shall be a two-year period beginning  
19 as described in subparagraph (A) or (B) of paragraph (2), as  
20 applicable, and ending on the second succeeding year on the last  
21 calendar day of the month in which the initial license was issued.

22 (2) The commencement of a license period shall be determined  
23 for each self-service storage facility or franchisee of a self-service  
24 storage facility, as follows:

25 (A) Upon initial licensing, the license period begins on the date  
26 the license is issued.

27 (B) Upon license renewal, the license period begins on the first  
28 day of the month following the month in which the initial license  
29 was issued.

30 (3) (A) Not less than 60 days before a permanent license will  
31 expire, the commissioner may *use an electronic delivery method,*  
32 *including e-mail or other similar electronic method of delivery, to*  
33 *deliver, or may mail,* to the latest *e-mail or mailing* address  
34 appearing on his or her records, an application to the licensee to  
35 renew the license for the appropriate succeeding license period. It  
36 is the licensee's responsibility to renew whether or not a renewal  
37 application is received. The commissioner may accept a late  
38 renewal without penalty, provided that the licensee's failure to  
39 comply is due to clerical error or inadvertence on the part of the  
40 department.

1 (B) The application for renewal of a license shall be filed on or  
2 before the expiration date.

3 (C) The application for renewal of an expired license may be  
4 filed after the expiration date and until the same month and day  
5 of the next succeeding year. A licensee who files the renewal  
6 application after the license has expired shall be charged, in  
7 addition to the renewal fee, a penalty of 50 percent of the renewal  
8 fee.

9 (d) The applicant for a license pursuant to this section shall  
10 submit an application fee upon initial application and upon renewal  
11 application in the amount or amounts determined by the department  
12 as sufficient to defray its actual cost of processing the applications  
13 and implementing this article.

14 (e) Costs associated with any enforcement action or investigation  
15 shall be paid for by the person or organization licensed pursuant  
16 to this article.

17 SEC. 15. Section 1758.81 of the Insurance Code is amended  
18 to read:

19 1758.81. (a) An applicant for a rental car agent license under  
20 this article shall file the following documents with the  
21 commissioner:

22 (1) A written application for licensure, signed by the applicant  
23 or an officer of the applicant, in the form prescribed by the  
24 commissioner.

25 (2) A certificate by the insurer that is to be named in the rental  
26 car agent license, stating that the insurer has satisfied itself that  
27 the named applicant is trustworthy and competent to act as its  
28 insurance agent limited to this purpose and that the insurer will  
29 appoint the applicant to act as its agent to transact the kind or kinds  
30 of insurance that are permitted by this article, if the rental car agent  
31 license applied for is issued by the commissioner. The certification  
32 shall be subscribed by an officer or managing agent of the insurer  
33 on a form prescribed by the commissioner.

34 (3) An application fee, and each license period thereafter, a  
35 renewal fee, in an amount or amounts determined by the  
36 department as sufficient to defray the department's actual cost of  
37 processing the application or renewal and implementing this article.

38 (4) Not less than 60 days before a permanent license will expire,  
39 the commissioner may *use an electronic delivery method, including*  
40 *e-mail or other similar electronic method of delivery, to deliver,*

1 or may mail, to the latest *e-mail or mailing* address appearing on  
2 his or her records, an application to the licensee to renew the license  
3 for the appropriate succeeding license period. It is the licensee's  
4 responsibility to renew whether or not a renewal application is  
5 received. The commissioner may accept a late renewal without a  
6 penalty, provided the licensee's failure to comply is due to clerical  
7 error or inadvertence on the part of the department.

8 (A) The application for renewal of a license shall be filed on or  
9 before the expiration date.

10 (B) The application for renewal of an expired license may be  
11 filed after the expiration date and until that same month and day  
12 of the next succeeding year. A licensee who files the renewal  
13 application after the license has expired shall be charged, in  
14 addition to the renewal fee, a penalty of 50 percent of the renewal  
15 fee.

16 (b) Notwithstanding any other provision of law to the contrary,  
17 Sections 1667, 1668, 1668.5, 1669, 1670, 1720, 1738, and 1739  
18 apply to any application for or issuance of a license pursuant to  
19 this article.

20 (c) Costs associated with any enforcement action or investigation  
21 shall be paid for by the person or organization licensed pursuant  
22 to this article.

23 SEC. 16. Section 1758.92 of the Insurance Code is amended  
24 to read:

25 1758.92. (a) An applicant for a credit insurance agent license  
26 under this article shall submit each of the following to the  
27 commissioner:

28 (1) A written application for licensure signed by the applicant  
29 or an officer of the applicant, in the form prescribed by the  
30 commissioner.

31 (2) A certificate by the insurer that is to be named in the credit  
32 insurance agent license, stating that the insurer has satisfied itself  
33 that the named applicant is trustworthy and competent to act as its  
34 insurance agent limited to this purpose and that the insurer will  
35 appoint the applicant to act as its agent in reference to selling or  
36 soliciting the kind or kinds of insurance that are permitted by this  
37 article, if the credit insurance agent license applied for is issued  
38 by the commissioner. The certification shall be subscribed by an  
39 officer or managing agent of the insurer on a form prescribed by  
40 the commissioner.

1 (3) An application fee, and each license period thereafter, a  
2 renewal fee, in an amount or amounts determined by the  
3 department as sufficient to defray the department's actual costs of  
4 processing the application or renewal and implementing this article.

5 The limitation on fee increases of 10 percent without prior  
6 approval of the Legislature set forth in Section 12978 shall not  
7 apply to the application or renewal fee set forth in this subdivision  
8 during the years 2002, 2003, and 2004.

9 (b) Notwithstanding any other provision of law to the contrary,  
10 the provisions set forth in Sections 1667, 1668, 1668.5, 1669, 1670,  
11 1720, 1738, and 1739 apply to any application for or issuance of  
12 a license, or any application for or approval of an endorsee,  
13 pursuant to this article.

14 (c) (1) Not less than 60 days before a permanent license will  
15 expire, the commissioner may *use an electronic delivery method,*  
16 *including e-mail or other similar electronic method of delivery, to*  
17 *deliver, or may mail,* to the latest *e-mail or mailing* address  
18 appearing on his or her records, an application to the licensee to  
19 renew the license for the appropriate succeeding license period. It  
20 is the licensee's responsibility to renew whether or not a renewal  
21 application is received. The commissioner may accept a late  
22 renewal without penalty, provided the licensee's failure to comply  
23 is due to a clerical error or inadvertence on the part of the  
24 department.

25 (2) An application for renewal shall be filed on or before the  
26 expiration date.

27 (3) The application for renewal of an expired license may be  
28 filed after the expiration date and until that same month and date  
29 of the next succeeding year. A licensee who files a renewal  
30 application after the license has expired shall be charged, in  
31 addition to the renewal fee, a penalty of 50 percent of the renewal  
32 fee for the credit insurance agent license and all endorsees.

33 (d) Costs associated with any enforcement action or investigation  
34 shall be paid for by the person or organization licensed pursuant  
35 to this article.

36 SEC. 17. Section 1758.96 of the Insurance Code is amended  
37 to read:

38 1758.96. (a) A person licensed pursuant to this article may  
39 act as a credit insurance agent for an authorized insurer only with  
40 respect to the kinds of insurance specified in this section sold in

1 connection with and incidental to a loan or other extension of credit  
2 other than a loan in excess of sixty thousand dollars (\$60,000)  
3 relating to or secured by real property where the repayment period  
4 does not exceed 10 years. The sale of credit insurance products as  
5 specified in this section in excess of sixty thousand dollars  
6 (\$60,000) relating to or secured by real property where any  
7 compensation, fee, or commission is paid dependent on the  
8 placement of credit insurance, requires a license to act as an  
9 insurance agent or life agent pursuant to Section 1621 or 1622.

10 ~~(a) Credit life insurance.~~

11 ~~(b) Credit disability insurance.~~

12 ~~(c) Credit involuntary unemployment insurance or credit~~  
13 ~~loss-of-income insurance.~~

14 ~~(d) Credit property insurance.~~

15 *(b) Credit insurance includes credit life, credit disability, credit*  
16 *property, credit unemployment, involuntary unemployment,*  
17 *mortgage life, mortgage guaranty, mortgage disability, guaranteed*  
18 *automobile protection (gap) insurance, and any other form of*  
19 *insurance offered in connection with an extension of credit that is*  
20 *limited to partially or wholly extinguishing that credit obligation*  
21 *that the insurance commissioner determines should be designated*  
22 *a form of credit insurance.*

23 *(c) Credit insurance agent means a person who sells, solicits,*  
24 *or negotiates one or more forms of credit insurance coverage to*  
25 *individuals through a master, corporate, group, or individual*  
26 *policy.*